Western Massachusetts Electric Company
Service Quality Plan 2002 - 2004
D.T.E. 01-71

I. INTRODUCTION

Western Massachusetts Electric Company ("WMECO" or the "Company") hereby submits to the Department of Telecommunications and Energy ("Department") its service quality ("SQ") plan for calendar-years 2002-2004, pursuant to General Laws c. 164, § 1E and D.T.E. 99-84 (June 29, 2001). This report is organized as follows:

- Section II of this plan sets forth the procedural history of the Department's investigation of SQ standards.

- Section III summarizes the different SQ measures against which WMECO's SQ performance will be judged. Listed are the three safety and reliability measures, the three customer service and billing measures, and the two Consumer Division measures. Additional reporting requirements not subject to the SQ penalties are also summarized.

- Section IV provides the SQ measure definition, WMECO's historical performance, and the statistical deadband for each of the SQ standards. Descriptions of the additional reporting requirements are also discussed.

- Section V provides the calculation of WMECO's penalty/offset allocation for each of the SQ standards.

II. PROCEDURAL HISTORY

On October 29, 1999, the Department opened a Notice of Inquiry to develop SQ standards and revenue penalties to be included in performance-based regulation ("PBR") plans for electric and gas distribution companies pursuant to G.L. c. 164, § 1E. On November 5, 1999, the Department issued questions and solicited two rounds of comments regarding SQ performance benchmarks, SQ categories and measures, and penalties. WMECO filed comments both individually and jointly with other electric and gas distribution companies ("Joint Utilities").[1] On August 17, 2000, the Department issued an Order that proposed SQ categories and measures, a penalty formula, and requested additional comments. On November 8, 2000, WMECO filed comments with the Joint Utilities.

[1] The Joint Utilities included Bay State Gas Company, The Berkshire Gas Company, Blackstone Gas Company, Boston Gas Company, Colonial Gas Company, Commonwealth Gas Company, Essex Gas Company, Fall River Gas Company, Fitchburg Gas and Electric Light Company, North Attleboro Gas Company, Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Light Company, and WMECO.

In order to obtain additional input, the Department held a technical session on November 24, 2000. WMECO, as a member of the Joint Utilities, filed additional comments on December 1, 2000. On April 4, 2001, the Department issued a notice seeking additional comments which WMECO, as part of the Joint Utilities, submitted on May 24, 2001.

On June 29, 2001, the Department issued an Order ("June 29 Order") setting forth Service Quality Guidelines ("SQ Guidelines"). The June 29 Order directed utilities to file SQ plans, but was silent as to when WMECO should file its plan. On August 22, 2001, the Department directed WMECO to file an SQ plan incorporating the SQ measures developed by the Department in D.T.E. 99-84, no later than October 29, 2001. On July 19, 2001, the Joint Utilities moved for clarification of the Department's June 29 Order. The Department responded to this motion on September 28, 2001 ("September 28 Order").

III. WMECO's SERVICE QUALITY STANDARDS

This section describes how WMECO's SQ plan meets the Department's directives in the June 29 Order, the September 28 Order, and the SQ Guidelines for each measure. It also sets forth WMECO's plan to meet the other reporting requirements. WMECO's proposed service quality plan covers a three-year period, calendar-year 2002 through calendar-year 2004.

A. Safety and Reliability

1. Service Average Interruption Duration Index ("SAIDI")

For SAIDI reporting, WMECO restated its historical data to meet the new definition established by the Department (Guidelines § VI. A).[2] The benchmark for SAIDI was based on a fixed, five-year average of data using years 1996 - 2000. This information can be found in Section IV. A. 1.

2. Service Average Interruption Frequency Index ("SAIFI")

For SAIFI reporting, WMECO restated its historical data to meet the new definition established by the Department (Guidelines § VI. A).[3] The benchmark for SAIFI was based on a fixed, five-year average of data using years 1996 - 2000. This information can be found in Section IV. A. 2.

[2] It should be noted that due to the definition change for SAIDI, the numbers reported here will not match SAIDI numbers previously reported by WMECO to the Department.
[3] It should be noted that due to the definition change for SAIFI, the numbers reported here will not match SAIFI numbers previously reported by WMECO to the Department.

3. Lost Work Time Accident Rate

In order to calculate its Lost Work Time Accident Rate (Guidelines § VI. C), WMECO used a standard definition and formula from the US Department of Labor - Bureau of Labor Statistics. WMECO has 10 years of data for this measure. The benchmark for this measure can be found in Section IV. A. 3.

B. Customer Service and Billing

1. Telephone Answering Rate

Currently, WMECO answers telephone calls from two locations, WMECO's Customer Service Call Center (located in West Springfield, MA) and Northeast Utilities' Credit and Collection Center (located in Berlin, CT). WMECO's telephone answering performance is calculated by a Telephone Service Factor ("TSF") (Guidelines § II. A). The TSF is the percentage of telephone calls to WMECO's Customer Service Centers that are answered in 20 seconds. Both Emergency and Non-Emergency calls will be included in calculating the percentages reported.

TSF data for both locations are available starting in March 1997. However, data on the number of WMECO calls received at the Northeast Utilities' Credit and Collection Center has only just begun to be captured and therefore this data is not available to calculate the overall TSF for prior periods. For the purposes of implementing a TSF measure in this SQ plan, WMECO proposes to calculate the standard deviation and revenue penalty based on the TSF from the West Springfield facility. The annual TSF will be calculated as a weighted average of the individual monthly TSF statistics using the following equation:

$$TSF = \frac{\sum_{Month=January}^{Month=December} TSF_{month} \times No.\,of\ Calls\ Received_{month}}{\sum_{Month=January}^{Month=December} No.\,of\ Calls\ Received_{month}}$$

During the three years of this proposed SQ plan, WMECO will collect data from both locations, so that for the next SQ plan a TSF can be calculated based on a weighted average of all calls received in the two call centers which will more accurately show the level of service that customers actually receive. For subsequent SQ plans, TSF will be defined by the following equation:

$$TSF_{O/A} = \frac{(Calls\ Received_{West\ Springfield} \times TSF_{West\ Springfield}) + (Calls\ Received_{Berlin} \times TSF_{Berlin})}{(Calls\ Received_{West\ Springfield} + Calls\ Received_{Berlin})}$$

In addition to the TSF, during this SQ plan period, the average speed of answer ("ASA") for emergency calls and for all calls in the aggregate will be reported. WMECO began collecting ASA data in January1998.

2. Service Appointments Met as Scheduled

WMECO does not presently track service appointments met (Guidelines § II. B) in a manner which would allow it to calculate this measure. WMECO is in the process of developing a system to record this data beginning January 2002. A description of this measure can be found below in Section IV. B. 2.

3. On-Cycle Meter Readings

WMECO defines On-Cycle Meter Reading as the percentage of meters that are actually read monthly, based on the number of meters that are scheduled to be read that month. WMECO has 10 years of data for this measure. The benchmark for this measure (Guidelines § IV) is shown below in Section IV. B. 3.

C. Consumer Division Statistics

WMECO has obtained the Consumer Division statistics for Consumer Division Cases and Billing Adjustments (Guidelines § III) for the ten-year period 1991 - 2000. The benchmarks for these measures are in Section IV. C. 1 and 2, respectively.

D. Additional Annual Reporting Requirements

WMECO has identified ten annual reporting requirements (Guidelines § VIII) in addition to the eight performance measures. WMECO will file information for these reporting requirements beginning March 1, 2002. A description of each reporting requirement can be found in Section IV, below. In most instances, WMECO will have sufficient data to meet the reporting requirements. For reporting requirements where data is unavailable, WMECO explains how it will begin gathering that data.

IV. SERVICE QUALITY MEASURES

A. Safety and Reliability

1. SAIDI

SAIDI is a measure that determines the length of time the average customer is without electric service during a prescribed period of time. For the purpose of calculating SAIDI, the following events and occurrences are excluded: (i) customer equipment outages; (ii) planned outages; (iii) Excludable Major Events, as defined by the Department (*see* June 29 Order, Attachment 1, p. 2); and (iv) momentary outages less than one minute in duration. The following assumptions and criteria are also to be used for calculating SAIDI: (a) the beginning of an outage is recorded at the first report of no power; (b) the end of an outage is recorded at the point that power to customers is restored; (c) only outages involving a primary distribution circuit are included and outages involving secondary, line transformer, or service only are not included; however, all outages caused by overloads are included; (d) where only part of a circuit experiences an outage, the number of customers affected is the actual customer counts from our customer service system assigned to the specific device in trouble; (e) when power is partially restored, the number of customers restored is estimated based on the system analysis of the trouble (e.g., restoring two phases of a three-phase system restores two-thirds of the customers); and (f) when customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages is included.

The following presents SAIDI data for the last five years, the five-year average, and the statistical deadband. SAIDI is presented to the nearest 100th of a minute.

Calendar Year	Average outage time in minutes
1996	183.58
1997	124.46
1998	94.41
1999	144.09
2000	77.28
Five-year average	124.76
Standard Deviation	41.86
Deadband (+/- 1 SD)	82.90 - 166.62

2. SAIFI

SAIFI is a measure that determines the number of times (frequency) the average customer experiences a loss of electric service during a prescribed period of time. For the purpose of calculating SAIFI, the following events and occurrences are excluded: (i) customer equipment outages; (ii) planned outages; (iii) Excludable Major Events, as defined by the Department (*see* June 29 Order, Attachment 1, p. 2); and (iv) momentary outages less than one minute in duration. The following assumptions and criteria are also to be used for calculating SAIFI: (a) the beginning of an outage is recorded at the first report of no power; (b) the end of an outage is recorded at the point that power to customers is restored; (c) only outages involving a primary distribution circuit are included and outages involving secondary, line transformer, or service only are not included; however, all outages caused by overloads are included; (d) where only part of a circuit experiences an outage, the number of customers affected is the actual customer counts from our customer service system assigned to the specific device in trouble; (e) when power is partially restored, the number of customers restored is estimated based on the system analysis of the trouble (e.g., restoring two phases of a three-phase system restores two-thirds of the customers); and (f) when customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages is included.

The following presents SAIFI data for the last five years, the five-year average, and the statistical deadband. SAIFI is presented to the nearest 1000^{th} of a reported outage.

Calendar Year	Average number of outages
1996	1.061
1997	0.958
1998	0.928
1999	1.073
2000	0.739
Five-year average	0.952
Standard Deviation	0.135
Deadband (+/- 1 SD)	0.817 - 1.087

3. Lost Work Time Accident Rate

In order to calculate its Lost Work Time Accident ("LTA") Rate, WMECO uses the following definition which comes from the US Department of Labor - Bureau of Labor Statistics:

The number of lost work time injuries and/or illnesses per 100 full-time workers is calculated as:

(N/EH) X 200,000 where:

N = number of injuries and/or illnesses

EH = total hours worked by all employees during the calendar year

200,000 = base number of hours for 100 full-time equivalent workers working 40 hours per week for a full year (i.e., 40 hours per week times 50 weeks per year).

The following presents WMECO's data on LTA for the past ten years, the ten-year average, and the statistical deadband. LTA is measured to the nearest 100^{th} of an accident.

Calendar Year	LTA Rate
1991	1.58
1992	1.86
1993	2.72
1994	2.86
1995	1.72
1996	1.17
1997	2.05
1998	0.28
1999	0.74
2000	0.48
Ten-year average	1.55
Standard Deviation	0.88
Deadband (+/- 1 SD)	0.67 - 2.43

B. Customer Service and Billing

1. Telephone Answering Factor

TSF is the percentage of telephone calls to WMECO's Customer Service Centers that are answered in 20 seconds. WMECO will measure the TSF beginning at the point that the caller makes a service selection and ending at the point that the call is responded to by the service area selected by the caller. If the caller does not make a selection, the response time shall be measured from a point following the completion of the Company's recorded menu options and ending at the point that a customer-service representative responds to the call.

WMECO's telephone system currently reports the number of calls that are handled within the 20-second reporting standard. The annual TSF will be calculated as a weighted average of the individual monthly TSF statistics using the following equation:

$$TSF = \frac{\sum_{Month=January}^{Month=December} TSF_{month} \times No.\ of\ Calls\ Received_{month}}{\sum_{Month=January}^{Month=December} No.\ of\ Calls\ Received_{month}}$$

The following presents WMECO's data on TSF (from the West Springfield call center) for the prior four years. The four-year average and statistical deadband are shown. TSF is calculated to the nearest 10th of a percentage point.

Calendar Year	TSF
1997[4]	55.8
1998	60.0
1999	71.9
2000	80.0
Four-year average	66.9
Standard Deviation	11.1
Deadband (+/- 1 SD)	55.8 - 78.0

[4] Calculation based on partial year beginning in April 1997.

2. Service Appointments Met as Scheduled

WMECO defines Service Appointments Met as Scheduled as appointments with Meter and Service Department representatives and those involving the New Service Department when the customer must be at the site. An appointment will be considered met if the service call is completed on the day agreed upon by the customer and the Company. Excluded from this total will be any appointments that are broken by the customer (Guidelines § II. B).

Service appointments made by our New Service Department will include all appointments that require coordination between the Company and the customer to connect or disconnect the electrical service. It will also include appointments requested by the customer to disconnect service for tree removal / trimming activity or, for safety reasons to accommodate construction work on their property.

WMECO will calculate its service appointment standard to the nearest 10^{th} of a percentage point. However, as stated in Section III, above, the Company has not collected any data to date and cannot therefore calculate an average or statistical deadband.

WMECO will begin data collection effective January 1, 2002.

3. On-Cycle Meter Reading

WMECO defines On-Cycle Meter Reading as the percentage of meters that are actually read in a particular month compared to the number of meters that are scheduled to be read that month. The percentage is calculated by subtracting the number of meters estimated from the total number of meters scheduled to be read[5] as shown in the following equation:

$$\text{Percent of meters read} = \frac{(\text{Number of meters scheduled to be read}) - (\text{Number of meters estimated})}{(\text{Number of meters scheduled to be read})}$$

The meter reading data is compiled monthly and aggregated for year-to-date results in a calendar year. Eligible meters include residential, commercial and industrial accounts.

The following presents WMECO's data on On-Cycle Meters Read for the prior ten years. The ten-year average and statistical deadband are shown. This standard is measured to the nearest 10th of a percentage point.

Calendar Year	On-Cycle Meters Read (%)
1991	93.5
1992	92.6
1993	91.8
1994	87.9
1995	88.4
1996	94.8
1997	96.9
1998	97.5
1999	97.6
2000	98.4
Ten-year average	93.9
Standard Deviation	3.8
Deadband (+/- 1 SD)	90.1 - 97.7

[5] Meter reading for WMECO's seasonal accounts are only counted in the months that seasonal service is being delivered.

C. Consumer Division Statistics

1. Consumer Division Cases

Pursuant to the June 29 Order, the Department will compile and aggregate monthly the frequency of the Department's consumer complaint cases and report this data annually to WMECO, as well as offering meetings to discuss annual performance.

Consumer Division Cases are defined as those in which a written record is opened by the Consumer Division using the following criteria: (1) the individual making the complaint provides his or her identity to the Consumer Division and is either a (a) current, prospective, or former customer of WMECO, or (b) designee of the current, prospective, or former customer of WMECO; (2) the individual and/or his designee has contacted WMECO prior to lodging a complaint with the Department; (3) the Department's investigator cannot resolve the complaint without contacting WMECO to obtain more information; (4) the matter involves an issue or issues over which the Department typically exercises jurisdiction; and (5) the matter involves an issue or issues over which WMECO has control. The frequency is reported per 1,000 customers.

The following provides WMECO's data on Consumer Division Cases. The ten-year average and the statistical deadband is shown measured to the nearest 100th of a reported complaint.

Calendar Year	Number of cases (per 1,000 customers)
1991	2.65
1992	1.98
1993	1.03
1994	1.44
1995	2.03
1996	1.70
1997	1.36
1998	0.91
1999	1.59
2000	1.30
Ten-year average	1.60
Standard Deviation	0.52
Deadband (+/- 1 SD)	1.08 - 2.12

2. Billing Adjustments

Pursuant to the June 29 Order, the Department will compile and aggregate monthly the dollar amounts of Billing Adjustments and report data annually to WMECO, as well as offering meetings to discuss annual performance.

Billing Adjustments are defined as the dollar amount of residential billing adjustments per 1,000 residential customers.

the following provides WMECO's data on Billing Adjustments for the prior ten years. Calculations of the ten-year average and statistical deadband, measured to the nearest 100th of a dollar, are shown.

Calendar Year	Billing Adjustment ($ per 1,000 customers)
1991	22.54
1992	41.18
1993	109.17
1994	32.91
1995	38.26
1996	95.58
1997	24.74
1998	56.82
1999	76.47
2000	17.31
Ten-year average	51.50
Standard Deviation	32.10
Deadband (+/- 1 SD)	19.40 - 83.60

V. Additional Annual Reporting Requirements (including definition of measure)

A. CAIDI

Customer Average Interruption Duration Index ("CAIDI") is a measure to determine the length of time to restore service to the average customer during a prescribed period of time. For the purpose of calculating CAIDI, the following events and occurrences are excluded: (i) customer equipment outages; (ii) planned outages; (iii) Excludable Major Events; and (iv) momentary outages less than one minute in duration. The following assumptions and criteria are also to be used for calculating CAIDI: (a) the beginning of an outage is recorded at the first report of no power; (b) the end of an outage is recorded at the point that power to customers is restored; (c) only outages involving a primary distribution circuit are included and outages involving secondary, line transformer, or service only are not included; however, all outages caused by overloads are included; (d) where only part of a circuit experiences an outage, the number of customers affected is the actual customer counts from our customer service system assigned to the specific device in trouble; (e) when power is partially restored, the number of customers restored is estimated based on the system analysis of the trouble (e.g., restoring two phases of a three-phase system restores two-thirds of the customers); and (f) when customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages is included. WMECO will measure and report CAIDI to the nearest 100^{th} of a minute annually by March 1.

B. Poor Performing Circuits

Poor performing circuits are defined as any distribution feeder that has sustained a circuit SAIDI or SAIFI value for a reporting year that is among the highest (worst) ten percent of WMECO's feeders for any two consecutive reporting years and has sustained a circuit SAIDI or SAIFI value for a reporting year that is more than 300 percent greater than the system average of all feeders in any two consecutive reporting years. For the identified poor performing circuits, WMECO will provide the following information: (1) the feeder or circuit identification number; (2) the feeder or circuit location; (3) the reason(s) why the circuit performed poorly during the reporting year; (4) the number of years that the circuit performed poorly (as defined above); (5) the steps that are being considered and/or have been implemented to improve the reliability of the circuit; and (6) the SAIDI or SAIFI value for the circuit. These data will be reported annually by March 1.

C. Accident Reporting

In compliance with the requirements of G.L. c. 164, § 95, WMECO will report within a 24-hour period of an accident the following information:

(1) time and date of incident;
(2) time and date of the notice to the Department;

(3) location of the incident;
(4) a detailed description of the accident including information about fatalities, injuries, facilities and third-party property damage; and
(5) the name and telephone number of a utility employee who may be contacted about the accident.

D. Restricted Work-Day Rate

Restricted Work-Day Rate means the Incidence Rate of Restricted Work cases per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics (from OSHA logs). WMECO will report this information annually by March 1.

E. Customer Surveys

WMECO will administer two customer surveys: (1) a customer satisfaction survey of a statistically representative sample of residential customers, and (2) a survey of customers randomly selected from those customers who have contacted WMECO's customer service department within the year being measured. Both surveys will be conducted by independent entities.

The first survey will be conducted for the Company by telephone by an outside vendor to a statistically reliable sample. In this survey, the vendor will ask:

"Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied are you with the service you are receiving from WMECO?"

WMECO asked a question with similar wording to 150 customers in the first half of 2000 in a phone survey conducted by Research International. The exact wording used in the first half of 2000 was

"Now, thinking about the overall level of service provided by our electric company, please use a 7-point scale to tell me how satisfied you are with the service, where 1 means "not at all satisfied" and 7 means "very satisfied". The more satisfied you generally are with your electric company, the higher the number you would give."

The results of the survey were a mean of 5.76, with a margin of error of 3.7% at the 95% level of confidence.[6] WMECO will adopt the Department's approved wording for the remaining two surveys conducted in 2001 and will report those results in March 2002's annual report.

[6] The sample size was 150 customers with 147 providing a valid response.

While WMECO has been using the mail to survey customers who have contacted the WMECO Customer Service Center for many years, the second type of telephone survey is new to WMECO, and the Company is in the process of implementing this survey with an outside vendor. This second type of survey will be conducted by telephone four times a year to allow for fluctuations in call center activity.[7]

The interview questionnaire will qualify the individual respondent and ask:

"Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied were you with the service you received from the customer service department of WMECO?"

Interviews will be conducted quarterly beginning early in the fourth quarter of 2001. An initial year to date report will be obtained in February 2002.

F. Staffing Level Benchmark

Pursuant to the Collective Bargaining Agreement between WMECO and IBEW Local 455, there is agreement on the appropriate staffing levels.

G. Damage to Company-owned property greater than $50,000 per incident

WMECO will file annually by March 1 property damage reports on incidents involving property damage to WMECO property in excess of $50,000 per incident that is attributed to Company-owned facilities. Reports will also to be submitted within 48 hours of the incident and will include: (1) time and date of the incident, (2) time and date of the notice to Department, (3) location of the incident, (4) detailed description of the incident including information about fatalities, injuries, facilities and third-party property damage, and (5) name and telephone number of a WMECO employee who can be contacted about the incident.

H. Line Loss Data

WMECO will report annually by March 1 Electric Distribution Line Loss values to the nearest 10th of a percentage point. This information will be taken from WMECO's FERC Form 1.

I. Additional Information on Major Outage Events and Electric Service Outages

WMECO will identify and report on an annual basis by March 1 the outages that are considered Excludable Major Events. WMECO will include the total number of customers affected, the service area affected, the number of customers without service at periodic intervals, the time frame of the longest customer interruption, and the number of crews used to restore service on a per shift basis. WMECO will also include the Company's policy on tree

[7] The contractor will speak with the person who actually contacted WMECO. If that person is not available, a call back appointment may be set-up.

trimming, including tree trimming cycle, inspection procedures, and the typical minimum vegetation clearance requirement. With respect to Electric Service Outages, WMECO will also continue to report transmission and distribution outages consistent with the Department's Outage and Accident Reporting Procedures effective September 1, 2001.

J. Listing of Major Capital Investment

WMECO will report on an annual basis by March 1 the transmission and distribution capital investment expenditures for reliability work. Initially, WMECO will report information beginning with calendar-year 1997 through calendar-year 2001. Detailed expenditures for periods prior to calendar-year 1997 were not retained in WMECO's plant accounting system, and therefore, WMECO cannot provide detailed information for those years.

K. Spare component acquisition and inventory policy

WMECO will report annually by March 1 on its policy for identifying, acquiring, and stocking critical spare components for the T&D system. Starting with its first annual report, WMECO will address how this policy has changed or evolved over the past ten years.

VI. Penalty/Offset Allocation and Calculation

For illustrative purposes, WMECO provides below its calculation of the maximum, potential SQ penalty/offset for calendar-year 2000. Calendar-year 2000 was used because it is the latest information WMECO has available.

Calendar-year 2000 transmission and distribution revenues: $116,292,000

Two percent of this figure represents $2,325,840. WMECO had no customer service guarantee payments so the maximum penalty/offset is $2,325,840.

SAIDI calculation:

The maximum penalty/offset for SAIDI is 22.5% of the overall maximum or $523,314.

SAIFI calculation:

The maximum penalty/offset for SAIFI is 22.5% of the overall maximum or $523,314.

Lost Work Time Accident Rate calculation:

The maximum penalty/offset for LTA is 10% of the overall maximum or $232,584.

Telephone Answering Rate calculation:

The maximum penalty/offset for TSF is 12.5% of the overall maximum or $290,730.

Service Appointments Met calculation:

The maximum penalty/offset for Service Appointments Met is 12.5% of the overall maximum or $290,730.

On-Cycle Meter Reading calculation:

The maximum penalty/offset for On-Cycle Meter Reading is 10% of the overall maximum or $232,584.

Consumer Division Cases calculation:

The maximum penalty/offset for Consumer Division Cases is 5% of the overall maximum or $116,292.

Billing Adjustments calculation:

The maximum penalty/offset for Billing Adjustments is 5% of the overall maximum or $116,292.